GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:182
ANSWERED ON:11.12.2008
GROWTH RATE OF CIVIL AVIATION SECTOR
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the growth rate of aviation sector has declined due to the rise in oil and fuel prices and lack of infrastructure;

(b) if so,the details thereof;and

(c) the concrete steps taken by the Government to meet the challenges of slow down in the aviation industry and to sustain the growth rate?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION(SHRI PRAFUL PATEL)

(a)to(c):- A Statement is laid on the Table of the House.

STATEMENT IN REPLY TO PARTS (a), (b) and (c) OF THE LOK SABHA STARRED QUESTION NO.182 FOR ANSWER ON 11.12.2008 REGARDING GROWTH RATE OF CIVIL AVIATION SECTOR.

(a)and(b):- Yes,Sir.The domestic passenger growth has declined to negative 1.94% during the period January to October 2008 as compare to growth of 46.5% and 32.5% in the full calender year 2006 and 2007 respectively.

Aviation Sector was first greatly affected due to rise in fuel prices.Thereafter the slowdown of the global economy has caused decline of aviation sector growth.The decline in Indian aviation growth is not due to lack of infrastructure since there is adequate capacity at Indian airports to handle the existing demand.

(c):- To meet the challenges of slow down in the aviation industry,the Government has taken various steps which inter-alia are as under:

(1) Custom duty on import of ATF has been abolished.

(2) The State Governments have been persuaded to reduce the sales tax on ATF.Government of Andhra Pradesh and in certain cases Government of Rajasthan have reduced the sales tax on ATF to 4%.Government of Maharashtra has also reduced sales tax on ATF from 25% to 4% for flights originating from airports other than Pune and Mumbai.

(3) The Oil Companies have also staggered the dues of Airline Companies over six months.

(4) With the fall in global crude prices, the Oil Companies have been reducing ATF prices since September,2008.

(5) The infrastructure at the airports and Air Traffic Control and Navigation is being constantly upgraded to meet the future demand of the airlines.